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Office of Financial Assistance
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To: Staff at the SBA Office of Financial Assistance

RE: Data Collection of Information for the Paycheck Protection Program

We appreciate the opportunity to provide input to the Small Business Administration (SBA) Office of Financial Assistance regarding the collection of data reported to support the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Public Law 116–136 (3/27/2020), which authorized SBA to guarantee loans made by banks or other financial institutions under a new temporary program titled the ''Paycheck Protection Program'' (PPP).

XBRL US is a nonprofit standards organization, with a mission to improve the efficiency and quality of reporting in the U.S. by promoting the adoption of business reporting standards. XBRL US is a jurisdiction of XBRL International, the nonprofit consortium responsible for developing and maintaining the technical specification for XBRL (a free and open data standard widely used around the world for reporting by public and private companies, banks, and government agencies). Our members include accounting firms, public companies, software, data and service providers, as well as other nonprofits and standards organizations.

As noted in the Request for Comment, the collection of data to administer the PPP program requires the submission of information from over 8,000 lending institutions and 6.5 million borrowers to manage stages of the loan process which include confirming lender eligibility, loan application, requesting loan forgiveness, and SBA review of selected loans.

The driver for any effective program that involves distributing and tracking funds, regardless of size, is accurate, consistent, and timely data. Given the scope of the PPP program, with millions of reporting entities and multiple forms, good quality, easily accessible data is even more critical, and is only possible if data reported is produced in machine-readable, standardized form.

We ask the SBA and other government regulators that are tasked with administering large, high volume, relief fund programs like the CARES Act, that require the collection of financial and

identification data, to consider adopting the XBRL financial data standard. This letter explains why the adoption of data standards would benefit regulators and other stakeholders, and includes a case study showing how the FDIC has used its own data standards program to aid in the implementation of the CARES Act reporting requirements for banks.

How financial data standards (XBRL) work

XBRL is a free, open, nonproprietary language that provides the necessary structure to clearly and consistently define data. It is supported by a global nonprofit standards organization, XBRL International, that continually expands upon the technical specification to accommodate new technologies and formats, and to allow regulators to meet changing reporting needs. Regulators worldwide rely on XBRL because it provides the following:

Consistently defines facts so data can be used automatically.

A data standard is a method of consistently defining a reported fact so that it is machine-readable, enabling automated data collection and analysis. The XBRL standard was developed to unambiguously define data in financial statements which contain facts that may be monetary, text, percent, or even boolean, integer, enumerated lists, or other data types.

Data required to be reported for the PPP program, in addition to monetary values, includes facts reported as boolean (TRUE/FALSE), integers, text, identifiers, and enumerated lists (for example, the borrower needs to specify “Purpose of the loan” and can check off one or more items such as “payroll”, “utilities”, “lease/mortgage interest”).

Financial data has multiple characteristics that must be understood in order for the fact to be machine-readable. For example, the fact “50,000” as shown in the partial Form 2483 below, has these features:

- Represents “Average Monthly Payroll”
- Reported for prospective borrower ABC Company with EIN number 22-2222222
- Was requested on April 21, 2020
- Reported in US dollars
- Reported as actuals (not in millions or thousands)

Paycheck Protection Program
Borrower Application Form

OMB Control No.: 3245-0407
Expiration Date: 09/30/2020

Check One: ■ Sole proprietor ❑ Partnership ❑ C-Corp ❑ S-Corp ❑ LLC ❑ Independent contractor ❑ Eligible self-employed individual ❑ 501(c)(3) nonprofit ❑ 501(c)(19) veterans organization ❑ Tribal business (sec. 31(b)(2)(C) of Small Business Act) ❑ Other	**DBA or Tradename if Applicable**
Business Legal Name	

Business Address	**Business TIN (EIN, SSN)**	**Business Phone**
ABC Company	22-2222222	999 999 9999
	Primary Contact	**Email Address**

Average Monthly Payroll:	$ 50,000	x 2.5 + EIDL, Net of Advance (if Applicable) Equals Loan Request:	$	Number of Employees:	
Purpose of the loan (select more than one):	■Payroll ■Lease / Mortgage Interest ■Utilities ☐Other (explain):_____				

The forms required to be submitted by borrowers and lenders in the PPP process are fillable PDF forms. Borrowers seeking a loan, download Form 2483 from the SBA web site, fill it in, save it, and then send it to their lending institution. If the fact "50,000" is reported on Form 2483, it can be easily understood by a bank analyst manually reviewing the application, but the fact is not automatically understood by a computer (not machine-readable).

The bank may have a mechanism to scrape data from the fillable PDF to extract it for some level of automation, but it will still require manual review to ensure accuracy. Data providers, who have decades of experience extracting data from documents and forms, have reported that data pulled from a good quality PDF takes around 30 minutes to process, but data pulled from a document prepared using financial data standards, takes 1-2 seconds (see Video: Better Data for Analysts and Investors[1]). With standards in place, a single lender handling 100,000 PPP loans would save more than 48,000 hours[2] of processing time on this initial step in the administration of the PPP loans, if the data was in structured, standard format.

Fits with multiple data collection systems and can be used through many applications that report and extract data.

A standard, including the XBRL standard, is not a product or an application. Just as a UPC code on a grocery item can be scanned in any store, a fact reported using the XBRL standard can be used in any commercial or open source application.

With the current PPP process, each bank has to develop their own method to extract and track the data reported by millions of borrowers. If the data is provided in standardized form, the SBA and every bank involved in the PPP program will be able to map their own financial systems to the data standard. This means that they can continue leveraging their existing data collection

[1] Video: Better Data for Analysts and Investors. Watch Morningstar Global Director of Equity Data, Adrien Cloutier: https://xbrl.us/news/analyst-video/
[2] 100,000 loans X approximately 29 minutes saved per loan = 48,333 hours saved.

system, but their financial systems will be able to "communicate" to each other because the data they exchange is prepared in the same language.

Therefore, when banks are required to submit borrower data for loan forgiveness requests or for SBA review, the bank's financial system can deliver data that can be automatically consumed and analyzed by the SBA's data collection system. The bank system and the SBA system "speak the same language", eliminating the need for data to be manually reviewed, increasing speed of processing, and reducing the possibility of errors. Machine-readable data can be cleanly and efficiently extracted within seconds, at minimum cost and effort.

Enables changes to reporting requirements quickly and inexpensively.

Reporting requirements for the SBA forms used by borrowers and lenders can be maintained through a digital dictionary of standardized terms called a "taxonomy", that represents what needs to be reported. Data collection systems for the SBA and banks, plus the forms that must be filled out by borrowers and lenders, all reference the same taxonomy. When the SBA needs to change reporting requirements, the agency updates the taxonomy and the changes filter out to the applications used by all borrowers and lenders, and to the lender and SBA data collection systems, because all of these applications refer back to the SBA taxonomy. The SBA can make these changes internally without IT or outside vendor involvement, which ensures that data maintenance costs stay low.

Is widely used.

A standard *becomes* a standard when it is widely used. Just as the UPC code is the standard for the collection of sales data because it is accepted and used by virtually every retailer worldwide, the XBRL standard is supported by a broad network of applications, both open source and commercial, to report, collect, process, and analyze financial information. XBRL is used in hundreds of regulatory programs around the world[3], by millions of banks, public companies and private companies that submit standardized data to government regulators. Three U.S. regulators – the Securities and Exchange Commission (SEC), the Federal Deposit Insurance Corporation (FDIC), and the Federal Energy Regulatory Commission (FERC) - have adopted the XBRL financial data standard.

Difficulties with traditional government data collection

Regulators that do not rely on data standards typically encounter the following problems:

- Lack of consistent, machine readable data. U.S. government data collection systems, outside of the SEC, FDIC and FERC, may obtain data as PDFs, through fill-in forms, in spreadsheets, or even as printed documents. Data that cannot be processed automatically requires manual entry and review, resulting in delays and inconsistent data.
- Unnecessary expense. Lack of automation and the need for manual review increases the cost of reporting, collection and data extraction.

[3] Global XBRL financial data standards programs include: 82 financial regulatory, 52 capital markets (public companies), 18 business registrars, 9 tax authorities, 5 government oversight, 2 Standard Business Reporting (all businesses and governments report in a common standardized format). Source: XBRL International.

- Inability to adapt to change. Because a change in reporting requirements results in disruptive and expensive changes to every application and collection system for all stakeholders, there is incentive to not change reporting requirements, or to establish work-arounds which may provide a temporary fix but long-term, are inefficient and costly.
- Expensive, less robust analysis. The need for manual review means analysis is costly, and there is disincentive to conduct high volume, more robust analysis.

How the FDIC used data standards to support the CARES Act

The Federal Insurance Deposit Corporation (FDIC) has been collecting financial data from bank institutions on behalf of the Federal Financial Institutions Examination Council (FFIEC) in standardized (XBRL) format since 2005. Quarterly data collected includes the bank's income statement, balance sheet, information on loans, deposits, and investments, changes in the bank's capital, and asset sale information. The FDIC put data standards in place to improve the speed and accuracy of reporting and immediately recognized these benefits (see FFIEC white paper[4]):

- Cleaner data. 95% of banks' original filings met validation requirements after the XBRL taxonomy was implemented, as compared to 66% in the legacy system.
- Increased accuracy. 100% of reported data met mathematical requirements under the new taxonomy (e.g., correct summations), as compared to 70% previously.
- Faster data inflow. Data was received into the system less than one day after the end of the reporting period, versus weeks after in the legacy system.
- Greater analyst efficiency. Analysts could handle 550 to 600 banks, versus 450 to 500.
- Faster data access. Analysts could access data within one day versus several days.
- Seamless throughput. Regulators and call report software vendors use the same taxonomies, so preparers use the same requirements as the agencies.

The FDIC has continued to expand on their standards program for different reporting needs, and when the CARES Act program was established, their standards infrastructure allowed the FDIC to rapidly adapt to new CARES Act reporting requirements.

As explained to XBRL US by Mark Montoya, Senior Business Analyst of Data Strategy at the FDIC, when the CARES Act was announced, the agency needed to respond quickly. Initially they were given information about what data needed to be collected from banks that participated in the PPP program, but they did not know the criteria identifying which banks would be subject to these new PPP reporting requirements.

Bank analysts at the FDIC are able to revise the taxonomy themselves (IT expertise is not needed to change reporting requirements), and were able to start with this limited set of information by updating the FDIC XBRL Taxonomy to include the new data fields, along with the features of the new fields such as data type, definition, and labels.

[4] FFIEC: Improved Business Process through XBRL: A Use Case for Business Reporting. https://xbrl.us/wp-content/uploads/2007/12/20060202FFIECWhitePaper.pdf

The FDIC received additional details from the FFIEC Reports Task Force defining which banks were subject to PPP reporting. The FDIC incorporated these requirements into the taxonomy validation formulas and bank reportability rules.

When banks prepare their financials for FDIC submission, they can choose from lots of different commercially available regulatory reporting software tools which ensures that reporting costs for the banks stay low. These commercial regulatory reporting software tools reference the current release of the FDIC taxonomy. When the CARES Act requirements went into place, the bank regulatory reporting software "told" the banks what they needed to report, including any PPP data requirements for those banks subject to the requirements defined in the FDIC taxonomy's bank reportability rules.

FDIC analysts could also easily build validation formulas and bank reportability rules about the new PPP reporting requirements. For example, rules could specify that certain facts were mandatory to report by certain banks, or that certain facts must sum to the amount of another fact. These validation formulas and bank reportability rules, which are part of the XBRL specification, help to improve the accuracy of data reported. If banks attempt to submit data which violates the FDIC defined business rules, banks are automatically notified and able to correct the data before submission. Some data that falls outside of the FDIC defined validation formulas can be submitted with a text explanation telling the FDIC why the bank submitted incorrect information.

The type of standards infrastructure that the FDIC has in place, allows them to be much more flexible when crisis situations demand rapid response. This type of infrastructure is also in place in the United Kingdom, where millions of private companies report their tax data in XBRL format to the tax authority, Her Majesty's Revenues and Customs (HMRC) [5]. This program has been in place since 2011 and involves reporting by businesses as small as doctors' offices and drugstores. When the UK was called upon to administer a similar large relief program related to COVID-19, the HMRC was able to leverage their standards infrastructure because they already had much of the data that small businesses needed to report in fully machine-readable, consistent format.

How SBA can put data standards in place today

Financial data standards can help build an infrastructure to efficiently, rapidly, cost-effectively, support governments and businesses. The following steps outline how SBA could get started today and have a program in place quickly, efficiently, and inexpensively.

1. Create standards-based data requirements and business rules based on the requirements laid out in the seven SBA forms in a single taxonomy. The taxonomy can then be expanded or revised as conditions (needs) change.
2. Implement data collection and validation platforms that can be set up in the existing financial management systems currently used by the SBA and lending institutions. As explained earlier, this would require the SBA, and each lender, to map their internal

[5] HM Revenues & Customs XBRL Guide for Businesses: https://www.gov.uk/government/publications/xbrl-guide-for-uk-businesses/xbrl-guide-for-uk-businesses

databases to the concepts in the taxonomy. They would not need to build or invest in new products, simply adapt their existing infrastructure to the data standards.

3. Build and deploy loan application templates that can be used by any applicant to deliver data immediately. The online fillable PDF forms could be upgraded so that they generate structured, machine-readable data without any change to current process for borrowers.
4. Use machine-readable data produced through this system to make decisions, minimize fraud and waste.
5. Review, revise, and adjust as situations change and quick response is demanded.

We encourage the SBA to consider this approach which will set up a data collection system for the long-term that can be expanded upon when requirements change, and can meet the needs of new challenges in the years ahead. Data standards benefit regulators, reporting entities, data intermediaries and data users.

Thank you for the opportunity to comment on the SBA data collection to support the CARES Act PPP program. We would welcome the opportunity to discuss this issue further. Please feel free to contact me if you have any follow up questions or would like to discuss. I can be reached at (917) 582 - 6159 or campbell.pryde@xbrl.us.

Regards,

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